

# Basics of School Funding:

BASE, Maximum, and Budget Limits  
for the General Fund

FY 2002-03

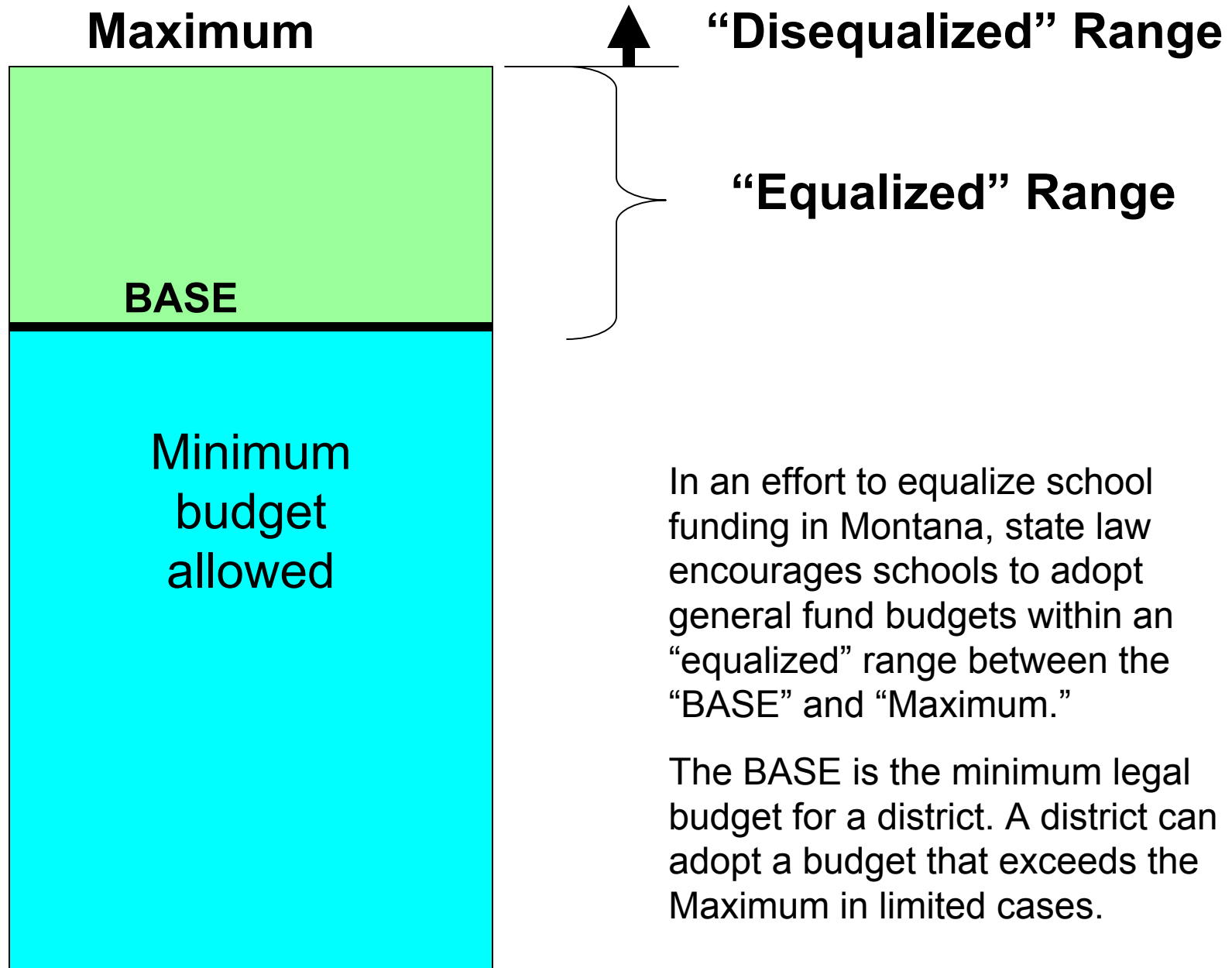
*Slide Presentation*



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This Powerpoint presentation is available on the OPI website at [http:// www.opi.state.mt.us/schoolfinance/forms.html](http://www.opi.state.mt.us/schoolfinance/forms.html).

For more information, visit the School Finance homepage at [http:// www.opi.state.mt.us/SchoolFinance/index.html](http://www.opi.state.mt.us/SchoolFinance/index.html).



**Maximum**



**Maximum**

**100% Per-Student Entitlement**

**100% Basic Entitlement**

**Spec Ed Allowable Cost  
Funding (State)**

**If not in co-op, includes Related Svc Block Grant**

**75 -100% X [Special Ed  
Allowable Cost Funding PLUS  
Prorated Co-op Payment]  
(Local)**

*The Maximum for a district is based on several state entitlements that are driven by enrollment. From 175% to 200% of the state funding for special education is also included in the Maximum, depending on the district's previous costs of special education. Components of the Maximum are shown here.*

**Maximum**



**BASE**

**80% Per-Student Entitlement**

**80% Basic Entitlement**

**140% Spec Ed Allowable Cost  
Funding (State)**

*The BASE is 80% of the Maximum entitlements, plus 140% of the state special education funding.*

**Maximum**

**BASE**

40% X [Special Ed Allowable  
Cost Funding PLUS Prorated  
Co-op Payment] (Local)

**BASE**

80% Per-Student Entitlement

80% Basic Entitlement

**Spec Ed Allowable Cost  
Funding (State)**

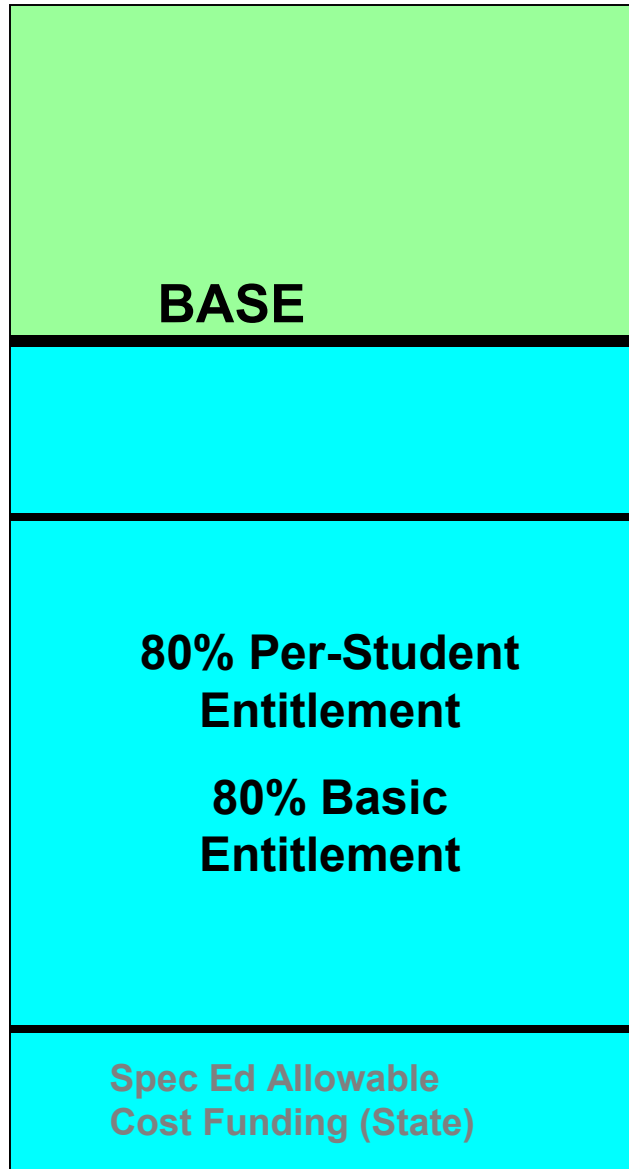
If not in co-op, includes Related Svc Block Grant

**Spec Ed Allowable  
Cost Funding (State)**

*The first layer of the BASE is state special education  
funding.*

## Maximum

## BASE



40% X [Special Ed Allowable Cost Funding PLUS Prorated Co-op Payment] (Local)

**80% Per-Student Entitlement**

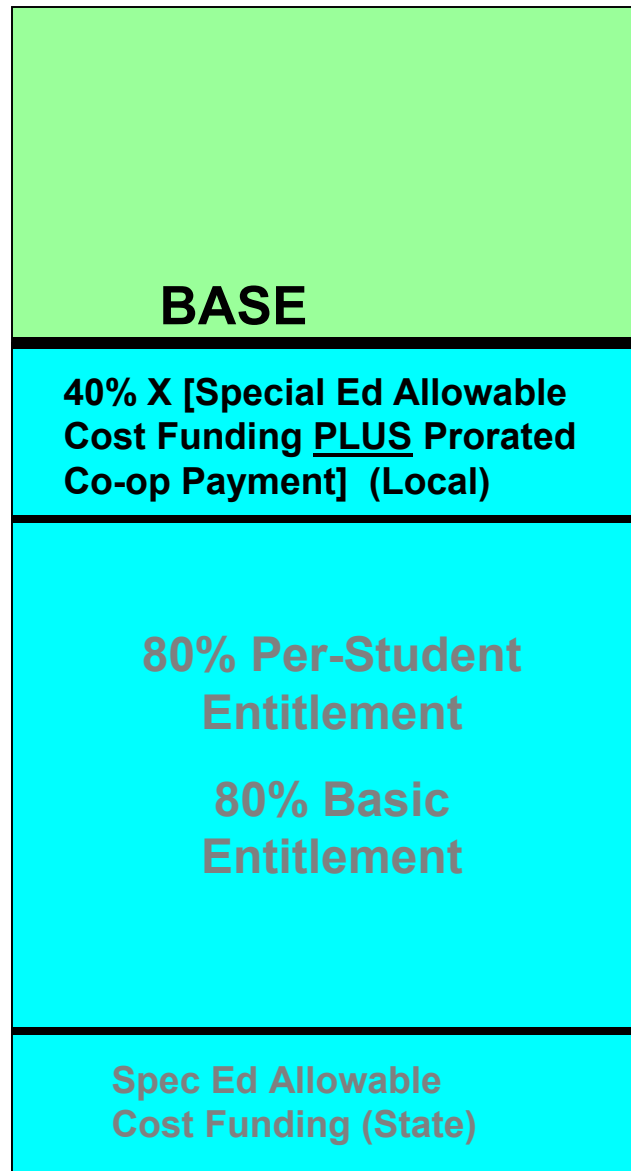
**80% Basic Entitlement**

**Spec Ed Allowable Cost Funding (State)**

If not in co-op, includes Related Svc Block Grant

*The second layer of the BASE amount is 80% of the state entitlements.*

## Maximum



## BASE

40% X [Special Ed Allowable Cost Funding PLUS Prorated Co-op Payment] (Local)

80% Per-Student Entitlement

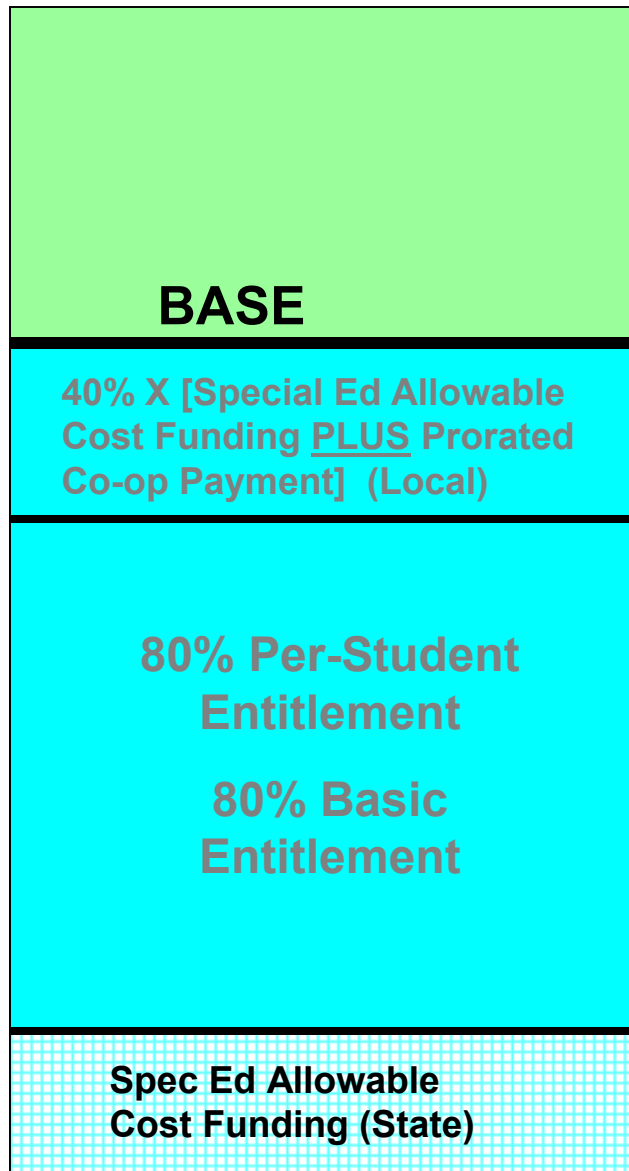
80% Basic Entitlement

Spec Ed Allowable Cost Funding (State)

If not in co-op, includes Related Svc Block Grant

BASE includes 40% times the state special education funding. This allows the district to budget for the required local match for the state special education funding.

# Maximum



# Funding the BASE

## State – Special Ed Allowable Cost Funding

If not in co-op, includes Related Svc Block Grant

For each student, the state pays 2 block grants for special education. The block grants are called the Instructional Block Grant (IBG) and Related Services Block Grant (RSBG). The district receives and budgets the IBG. The district's special education cooperative receives the RSBG. Additionally, the district may receive a partial state reimbursement for exceptionally high special education costs in a previous year.

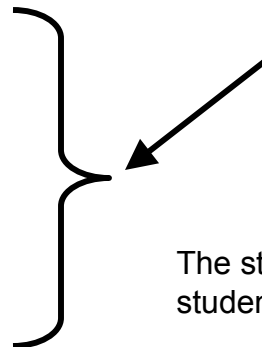


# Maximum

<b>BASE</b>
40% X [Special Ed Allowable Cost Funding <u>PLUS</u> Prorated Co-op Payment] (Local)
<b>80% Per-Student Entitlement</b>
<b>80% Basic Entitlement</b>
Spec Ed Allowable Cost Funding (State)

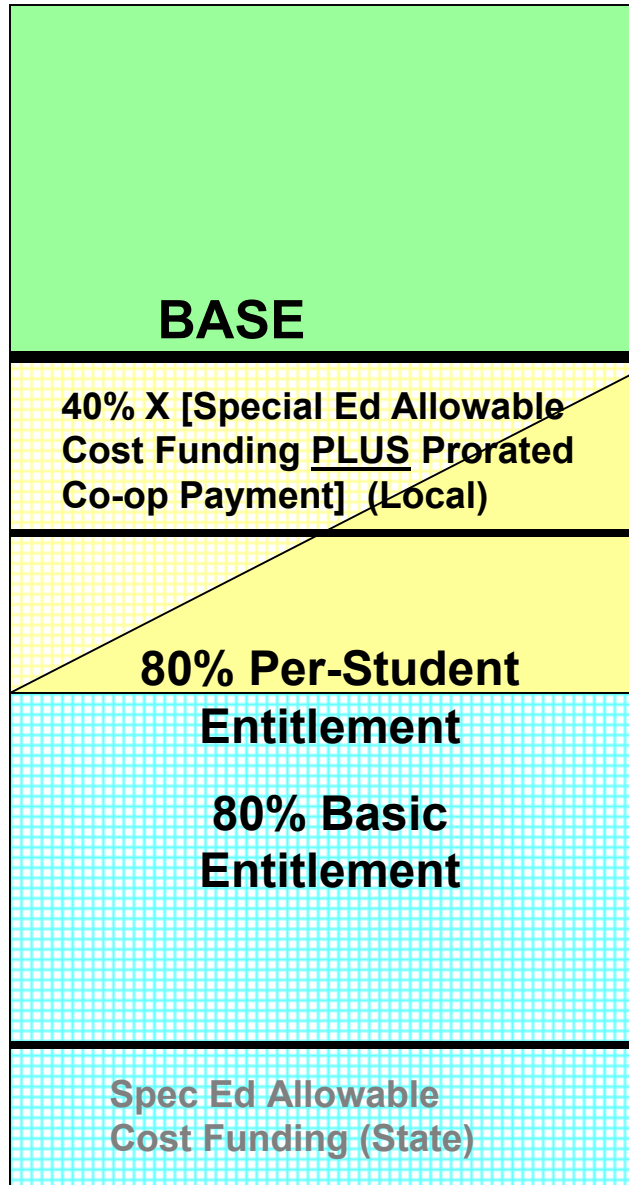
## Funding the BASE

**State – Direct State Aid  
(44.7% of Entitlements)**



The state pays 44.7% of the district's total basic and per-student entitlements.

# Maximum

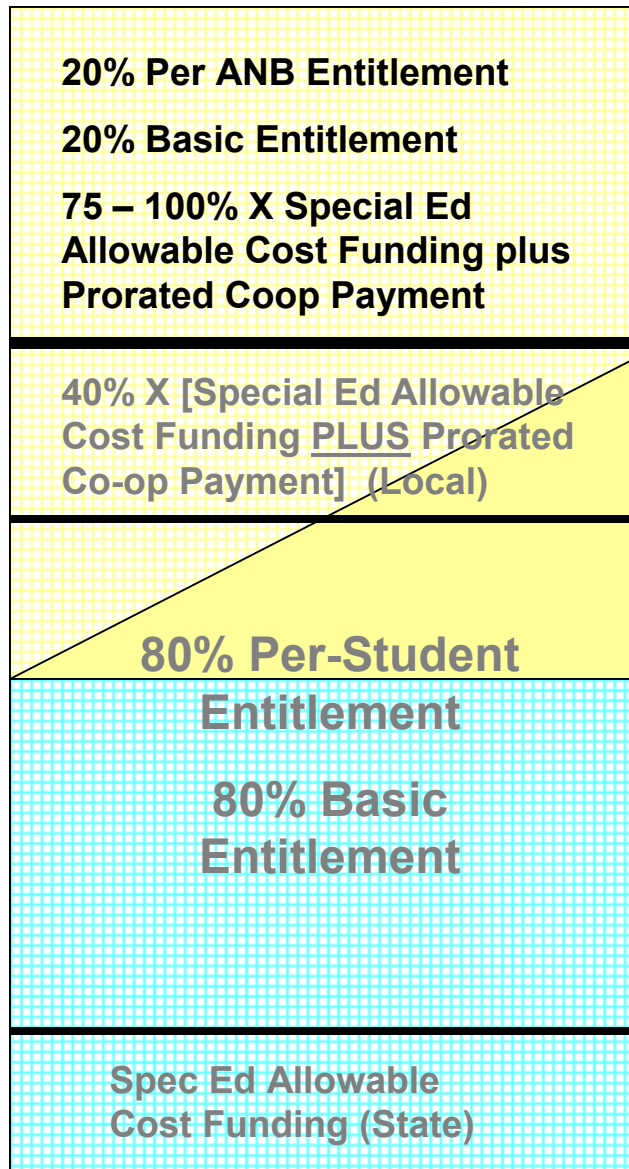


## Funding the BASE

**Local: BASE Mill Levy Plus State GTB**

35.3% of the per-student and basic entitlements and 40% of the state special education funding is supported by permissive (non-voted) tax levies and non-levy revenues. This mill levy is called the BASE mill levy. The state subsidizes the mills in the BASE mill levy to minimize inequities caused by differences in the relative wealth of districts statewide.

# Maximum



## Funding the Over-BASE

### **Local – Over-BASE Tax Levy**

The amount of budget between the BASE and Maximum is called the “Over-BASE” budget.

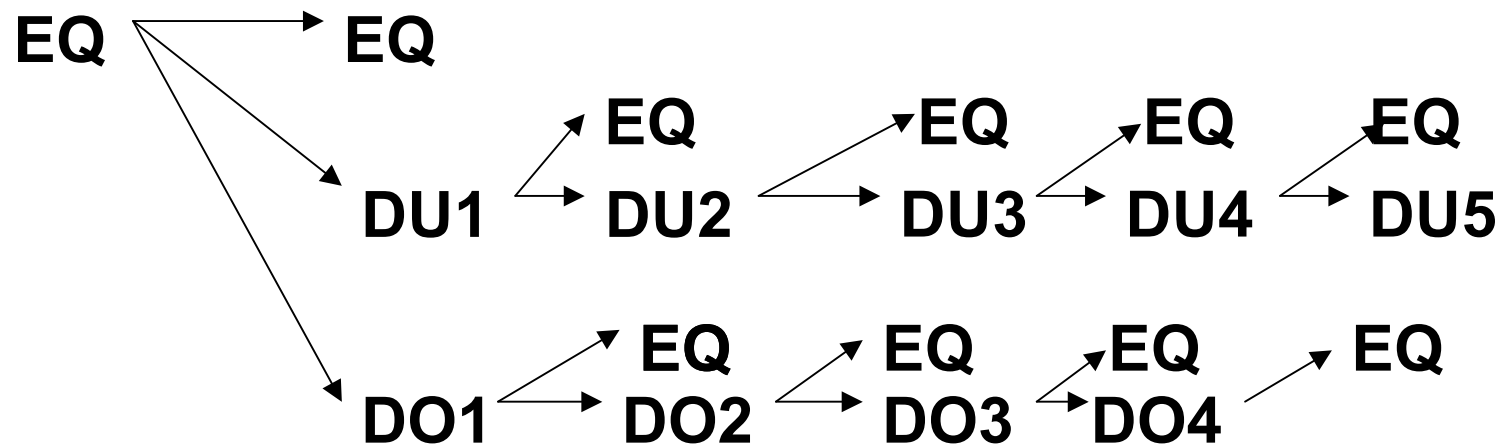
20% of the state entitlements and from 75% to 100% times the state special education funding is included in the Over-BASE budget.

The Over-BASE budget, and any amount of budget that exceeds the Maximum, is funded using a local Over-BASE tax levy. This mill levy is not subsidized by the state. Some districts receive tuition and other non-levy revenues that help fund this area of the budget.

# Categories of General Fund Budget Limits:

State law limits general fund budgets based on the previous year's budget compared to the ensuing year's BASE and Maximum. Districts that were "equalized" (budgeting between BASE and Maximum) may become "disequalized" (budget above the Maximum) if the prior year's budget exceeds the ensuing year Maximum and if voters approve the Over-Maximum budget. If enrollment decreased less than 30%, a district may maintain a disequalized budget for up to 5 years. If enrollment decreased 30% or more, the district may maintain a disequalized budget for 4 years and must fall to Maximum by the fifth year.

The chart below shows the possible budget options that might occur depending on a district's previous year budget category.

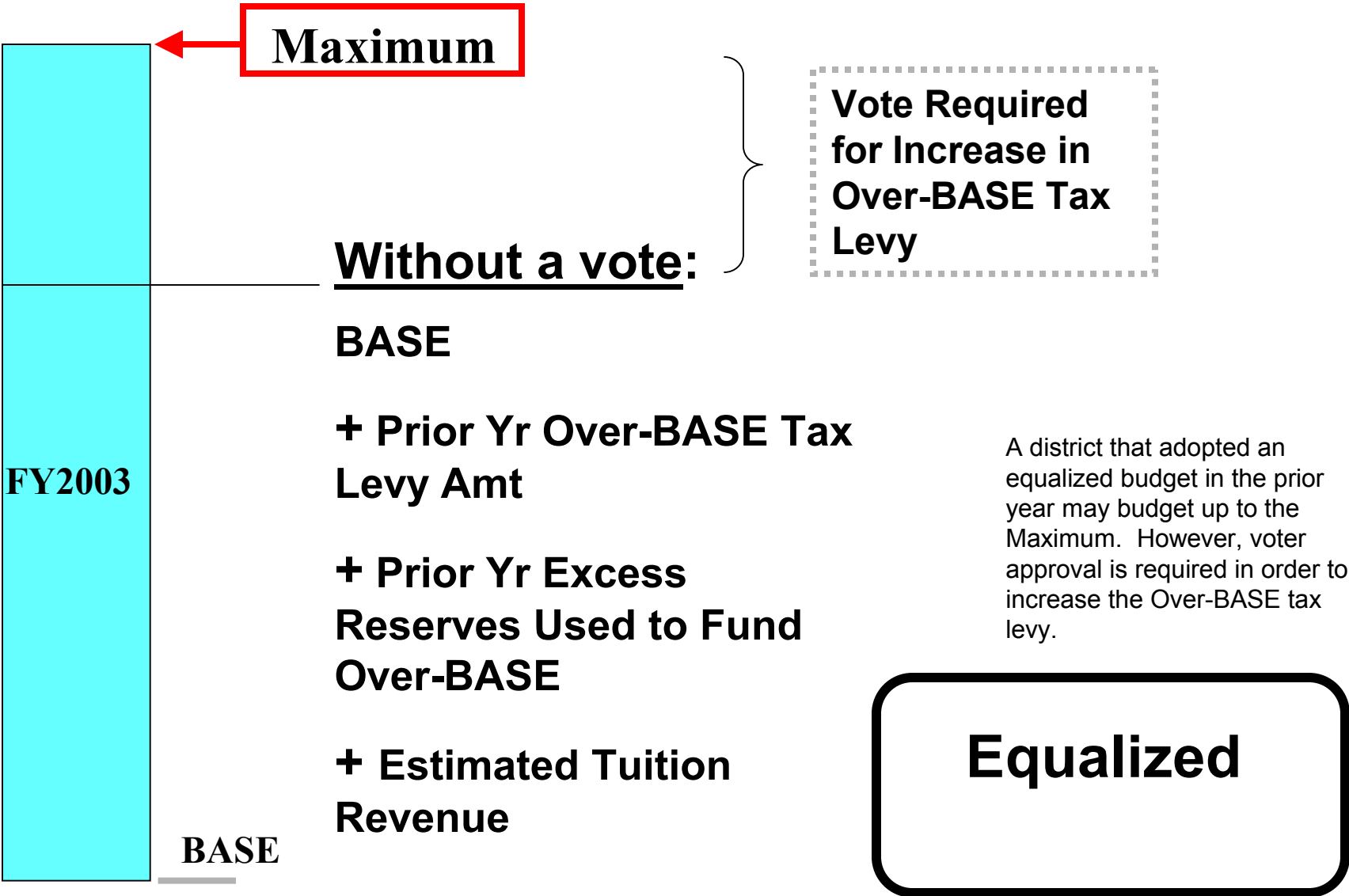


**EQ = Equalized**

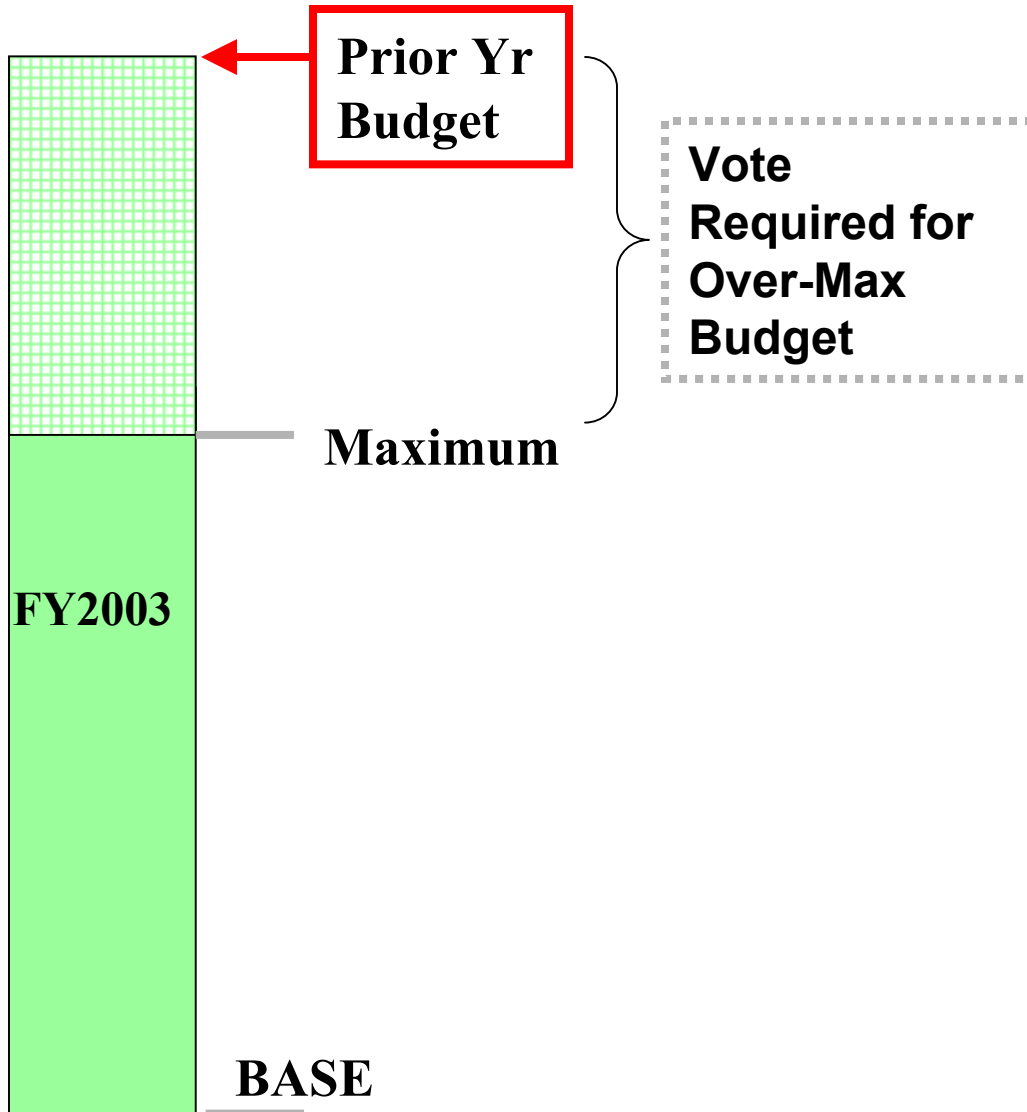
**DU1 = Disequalized With Enrollment Decrease <30%, Yr 1**

**DO1 = Disequalized With Enrollment Decrease 30%+, Yr 1**

**Budget Limit is:**



# Budget Limit is:

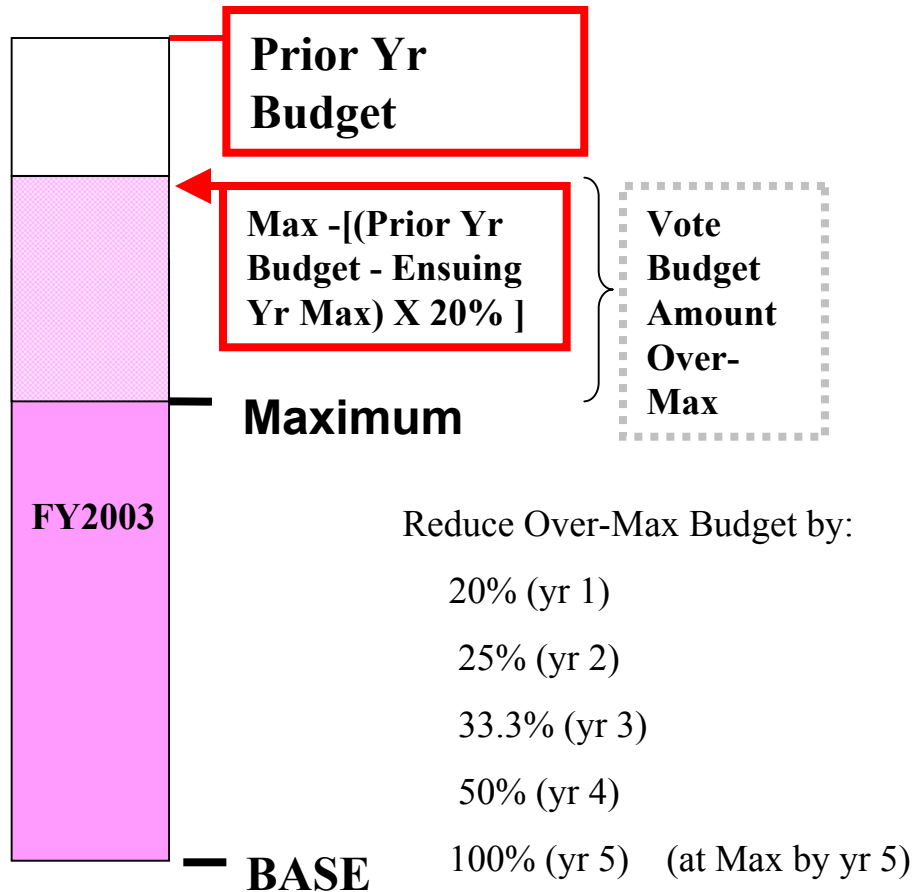


**--Requires 5 year plan  
to budget at Max by  
end of 5<sup>th</sup> year**

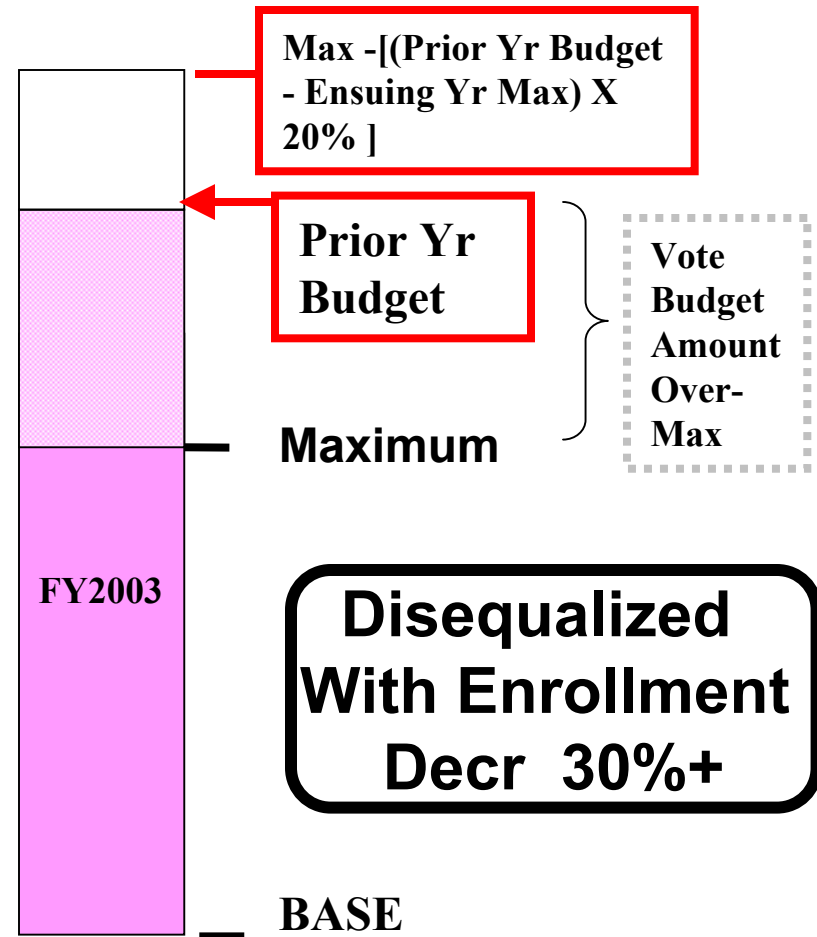
A district with a prior year budget that exceeds the ensuing year's Maximum because enrollment decreased from 0% to 29% may adopt the prior year budget if voters approve the Over-Maximum amount. The district must adopt a budget no higher than Maximum by the sixth year.

**Disequalized  
With Enrollment  
Decr < 30%**

# Budget Limit is Lesser of:



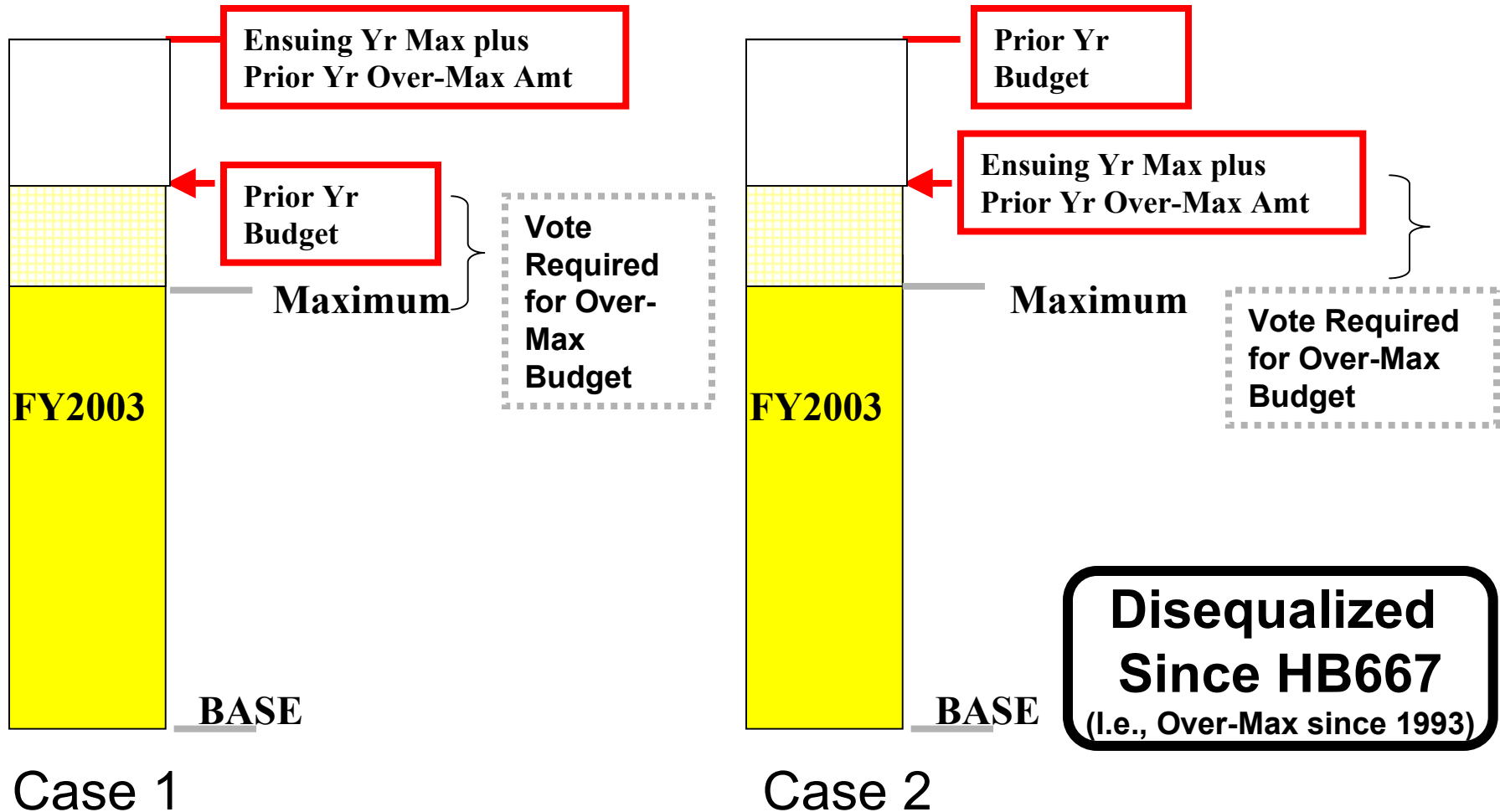
Case 1



Case 2

A district with a prior year budget that exceeds the ensuing year's Maximum because enrollment decreased of 30% or more may adopt the prior year budget if voters approve the Over-Maximum amount. The law requires the Over-Maximum budget to be cut each year to phase the budget down toward the Maximum. The district must adopt a budget no higher than Maximum by the fifth year.

# Budget Limit is Lesser of:



Districts that already exceeded the Maximum budget in 1993 (when HB 667 established the system) were “grandfathered” in and are allowed to budget above the Maximum. Districts cannot exceed the prior year budget, and they can adopt a budget that exceeds maximum by the same amount as the prior year.